



Transparency Enabling Transformation: The Benefits to Agencies through Implementation of the DATA Act

**Collaboration & Transformation (C&T) Shared Interest Group (SIG)
Financial Management Committee**

DATA Act – Transparency in Federal Financials Project

Date Released: June 2015

SYNOPSIS

At first glance, benefits from implementing the new federal requirements in the DATA Act may seem less apparent than the inherent obligations. Wise implementers, however, are finding opportunities to leverage compliance as part of the broader, data-driven strategy for advancing the agency mission. Policies, processes, and technology can be developed to save time, reduce burden, and share the return on investment at all levels of the organization. This report addresses the many benefits that agencies will realize, not only by complying with the regulations set forth by the DATA Act, but also by becoming early adopters of the legislation.

American Council for Technology-Industry Advisory Council (ACT-IAC)
3040 Williams Drive, Suite 500, Fairfax, VA 22031
www.actiac.org • (p) (703) 208.4800 (f) • (703) 208.4805

Advancing Government through Collaboration, Education and Action



American Council for Technology-Industry Advisory Council (ACT-IAC)

The American Council for Technology (ACT) is a non-profit educational organization established in 1979 to improve government through the efficient and innovative application of information technology. In 1989 ACT established the Industry Advisory Council (IAC) to bring industry and government executives together to collaborate on IT issues of interest to the government.

ACT-IAC is a unique, public-private partnership dedicated to helping government use technology to serve the public. The purposes of the organization are to communicate, educate, inform, and collaborate. ACT-IAC also works to promote the profession of public IT management. ACT-IAC offers a wide range of programs to accomplish these purposes.

ACT-IAC welcomes the participation of all public and private organizations committed to improving the delivery of public services through the effective and efficient use of IT. For membership and other information, visit the ACT-IAC website at www.actiac.org.

Collaboration & Transformation SIG Financial Management Committee

DATA Act – Transparency in Federal Financials Project

The C&T SIG sought input from the Department of the Treasury and the Office of Management & Budget (OMB) to follow the progress of the Digital Accountability and Transparency Act (DATA) Act from the pilot phase through practical/production implementation, providing useful information for industry and government managers to consider as they assess their readiness and develop their strategies to meet the new requirements.

Disclaimer

This document has been prepared to provide information regarding a specific issue. This document does not – nor is it intended to – take a position on any specific course of action or proposal. This document does not – nor is it intended to – endorse or recommend any specific technology, product or vendor. The views expressed in this document do not necessarily represent the official views of the individuals and organizations that participated in its development. Every effort has been made to present accurate and reliable information in this report. However, ACT-IAC assumes no responsibility for consequences resulting from the use of the information herein.

Copyright

©American Council for Technology, 2015. This document may not be quoted, reproduced and/or distributed unless credit is given to the American Council for Technology-Industry Advisory Council.

Further Information

For further information, contact the American Council for Technology-Industry Advisory Council at (703) 208-4800 or www.actiac.org.

Introduction and Executive Summary

The [Digital Accountability and Transparency \(DATA\) Act](#), passed on May 9, 2014, requires federal agencies to report all expenditures – grants, loans, and contracts – in order to provide American citizens and policymakers better visibility into federal spending. At first glance, the requirements of this new legislation can seem like intimidating obligations, requiring a great deal of work, with unknown benefit to the implementing agencies. However, wise implementers recognize how to transform this new compliance obligation into an opportunity to advance their organization by becoming more data-driven. Government maintains vast amounts of data, and this act establishes data standards and sharing protocols that will help agencies exploit the benefits of data mining and analytics in some familiar ways as well as through future innovations, creating value for agencies and their constituent taxpayers.

An examination of the current availability of federal spending data provides a strong case for improved transparency of federal expenditures. DJ Patil, the first U.S. chief data scientist, recently spoke about how the government can assist American taxpayers with gaining access to open government data. He said: “You need to be able to press a button and get access [to the data you want]. What you don’t need is to make 50 calls that take you 30 hours of waiting on hold...to finally get access to a form you have to go read through and then fax in and follow up. That should not happen. It’s your data.”¹

The DATA Act has paved a path for agencies, policymakers, and recipients of federal funds to conduct business in a very new way. Open data is surely here to stay, but the true vision of the DATA Act goes beyond transparency and accountability. The DATA Act is less about another set of mandates, burdens, and work, and more about the possibilities for new opportunities, new partnerships, and better decisions driving business strategy and informing business decisions and actions. The opportunity is to better achieve your mission by taking advantage of these better strategies, decisions, and actions.

Recommendations

Changing History - Everyone Plays a Part

It is time to get on board – to be a part of the data revolution where the next step is increased transparency. Initially, transparency was perceived only to benefit the public and perhaps the media. But recent experience has proven that agencies themselves make as much or more use of transparent federal data as anyone outside government. Agencies and citizens alike have the opportunity to embrace and shape transparency. Agencies play a vital role in gathering and shaping the data in a way that can be easily consumed – both by citizens, and by their own staff. The taxpayer is provided the gift of knowledge – a place to see where their hard-earned money is being spent. Each person’s investment in the process is well worth the end result, an “open, transparent, and participatory government...of the people, for the people, and by the people.”² These democratic principles are the foundation upon which our country was built, and there is no better time than now to roll up our sleeves and make it happen, and let the data speak for itself. Agencies play a critical part in this process, a part that will be documented in the

history books; they are the keepers of the data and the only ones with the key to unlock its power.

“Transparency fosters the engagement of government employees and citizens alike, so they feel a part of the conversation, process, and decisions; and, thereby, a part of their government. This heightened sense of ownership, accountability, and trust makes government more responsive and enables agencies to more efficiently and effectively accomplish their missions: from government operations to government products.”²

Initially, this unlocking of data may feel uncomfortable for agencies. One can almost equate it to how uncomfortable it would be for a citizen to publish their own checkbook to be scrutinized in the public domain. But the result will be worth it. This is not simply an extra task to be added to the already growing to-do list for an agency employee; this is a change of thinking, a more modern way of operating for a program, an agency, and for the government as a whole. The government will be able to appropriate money to the most critical priorities. In short, agency staff and managers will find that the DATA Act gives them a view into the context around them – eliminating existing barriers and revealing new perspectives on the data they already have at their disposal – allowing agencies to choose better strategies and take better actions based on consistent, standardized data about themselves and their peers.

The average citizen already reaps benefits just like these in their personal finances. Analytics from banks capture each account-holder’s transactional spend, so they can better manage their own budgets. Individuals can set category spend thresholds so they are notified when they are close to their maximum spend, and are alerted real-time when a potential fraudulent transaction occurs. Why shouldn’t Americans expect the same from the government as it budgets and spends?

A huge step in the right direction occurred with the 2006 Federal [Funding Accountability and Transparency Act \(FFATA\)](#). This predecessor to the DATA Act was intended to “empower every American with the ability to hold the government accountable for each spending decision. The end result is to reduce wasteful spending in the government.”³ By leveraging processes put in place for FFATA, agencies have the opportunity to complete the transparency puzzle, to fill in the important program level spend elements that were never accessible to the public before. This is a game-changer – transparency at its best, and history in the making, if well executed.

A Broad Group of Beneficiaries

Just who, specifically, stands to gain real value from this cutting-edge legislation? Let’s begin with Congress and OMB. DATA Act implementation will provide both of these stakeholders and data consumers with consistently-defined data to use in making comparisons, accurately evaluating budget requests and performance, and identifying areas of concern such as improper payments and suspected duplication. The law will also provide information to external stakeholders, who can then use it to inform the Administration and Congress as they advocate. Although these benefits may not initially appeal to agencies, there is another element to consider. Transparent agency data will give OMB and Congress better information to confirm

agency assertions, and make it easier for high-performing agencies to advocate for the investments and authorities they seek. With consideration to the agency perspective, Department of Housing and Urban Development (HUD) Deputy CFO Joe Hungate sees two key purposes behind DATA Act: determine whether money is being applied where Congress intended, and give watchdog groups what they need to determine, more precisely, *where, when, and how* money is being spent.⁴

Ultimately, if OMB and Congress reward agency efficiency and demonstrated value for spending, DATA Act reporting will give a clearer and more accurate basis for those rewards, strengthening any exercise similar to the [Program Assessment Rating Tool \(PART\)](#), and help identify alternatives in cases where an agency is less than efficient, or does not create value...perhaps enabling an effort such as *Moneyball for Government*⁵. And finally, reported data could help identify similar programs that should be coordinated, and conversely, those that may be duplicative or wasteful. As OMB and Congress encourage such coordination and de-conflicting of programs, the programs that are better coordinated or consolidated will be much stronger.

Yet the most noteworthy beneficiaries of the DATA Act itself – of the processes it necessitates, of the systems and people it connects, and of the outcomes it effects – are the individual reporting agencies themselves. Agency leaders will be able to more accurately, completely, and consistently determine if they are allocating funding to the purposes they intend, and to their mission. Agency analysts and staff will be able to determine and demonstrate if their programs receive the required funding in a timely fashion, and will have a better foundation of financial data to use in demonstrating results for that funding, as well as prudent fiscal stewardship. And finally, customers/beneficiaries will benefit from stronger, better-managed programs that are coordinated more efficiently and potentially less duplicative.

Tactically, the DATA Act can help agencies address insufficient financial controls, a lack of standardized data elements, and minimal data integration throughout fragmented IT systems. In the current world of tracking government money – where it comes from, who receives it, and what it buys – it is nearly impossible to generate complete spending reports and avoid recurring audit findings. After all, transparency is great, but only when the data being reported is accurate and matches the total budget authority granted to agencies. If the reporting is not complete, then the analysis of that data may be incomplete and even misleading.

Moving Forward

A single, efficient end-to-end business process that follows the DATA Act ideal is the gold standard in information management, but it's not an easy task to master. Asking agencies to simply invert process deficiencies and turn them into requirements will not prepare the individuals charged with implementation for success. So, where should agencies start?

To understand successful DATA Act implementation is to understand how to translate these policy prescriptions into concrete solutions for federal agency program offices, budget operations and financial services – solutions that empower them to share accurate, accessible and actionable data, through one connected process. In order to turn DATA Act implementation

into an opportunity instead of another imposed obligation, agencies should begin by envisioning a world with a single, efficient end-to-end business process that reduces burden and increases value at all levels of government interaction. Improved program effectiveness is one of the most desirable outcomes of DATA Act execution. But what does this gold standard really look like?

This gold standard is in the establishment of a single definitive source of information in which agency program offices can track, manage, and store their pipeline of planned actions and future needs. Doing this will allow management, budget, and finance to see the same accurate picture of current and future financial needs and associated timelines. Through this view, budget, finance and management groups can then add the data elements they need to execute this pipeline and turn plans into a reality. Here is an opportunity for management to gain accurate reporting from a reliable source, as a result of this interoperability of data, processes, and people.

This best-practice approach to program-centric business processes is not only more efficient, it serves as the cornerstone of government transparency. Currently, data that is disconnected can be difficult to navigate and be potentially unintelligible to those who must use and explain it. In this environment, analysts can spend significant time just cleaning and preparing data for reports and relatively little time analyzing, learning, or taking action to improve the results. Properly labeled, defined, and related financial spending data provides the means for both the public and public servants to consume, accurately interpret, and meaningfully analyze public expenditures. If the process is transparent, and the transactions are connected to program activity, then the summarizing narrative becomes very clear, and all of the numbers add up.

Fewer Systems, Interoperable Data

Making sound, well-informed business decisions begins with bringing together large amounts of disparate data into a single consolidated source of information. Effective data consolidation and integration, in turn, begins with a well-designed enterprise architecture, including the enterprise data architecture.

For years, many agencies have been expanding their internal technology architectures to include systems that respond to individual financial systems' reporting needs, whether they are for procurement, enterprise resource planning systems, grants management, or other business-specific purposes. It is not unusual for these systems to be implemented quickly and within the silo of one particular division. The short-term benefits are often shortsighted, yielding quick but localized capabilities at the expense of the scalability and flexibility needed to meet evolving business requirements. As the business changes, efforts to integrate data from siloed data models can be far more difficult and costly than with data models that conform to a well-designed and forward-looking enterprise data architecture.

As agencies make progress integrating their data, they may also realize some unexpected benefits, including an increased ability to leverage data across systems, business processes, organizational functions, and people. Consolidated and integrated data provides the means for any operating division within the agency to ask any question about or with agency-wide financial data, at any time. Likewise, a single financial process can provide a superior platform for

business intelligence tools to use for inquiries, and a basis for user-friendly dashboards and accurate reporting.

Standardized data facilitates interoperability across disparate financial systems. Data consolidation and integration goes further to improve data sharing and reuse, and sets the stage for improved interoperability and reduced costs through systems integration. Department of the Interior (DOI) Deputy CFO Doug Glenn described any effort to gather data at a department-wide level with disparate systems as a "huge and burdensome effort." However, DOI continues to realize the significant benefits of consolidated and integrated data, together with the significant cost savings that came from replacing ten different financial systems across their ten bureaus and offices with one single system.⁶

Today, DOI can easily consolidate data that can be readily available to present clear visualizations. This enables faster decision-making and comprehension. In fact, Mr. Glenn conducted an experiment to substantiate the value of visualization efficiency. He provided a spreadsheet of DOI expenditures by state to a team of accountants (a team, in his words, of "people who really love spreadsheets!") and asked them to find the top ten states that received DOI funding. Subsequently, he then presented a visual representation of funding by state to a single volunteer, and asked the same question. That volunteer reached the same (correct) answer to the same question in one-third of the time. Mr. Glenn summarized it by observing that faster and better-informed business decisions can be made when people are "given the tools to drill down" and find unique answers to their unique questions in a sea of data.⁶

For those agencies who have not yet begun, the DATA Act can serve as the impetus for a strategy for interoperability in financial reporting. Effective implementation of the DATA Act will drive the consolidation and interoperability of operational and program systems, leading to substantial cost savings for agencies. Data consolidation and the interoperability of systems leads to more effective and efficient systems that are easier and less expensive to maintain and support. Additional economies are available through the reduced effort of collecting, correcting, and processing data from disparate systems and spreadsheets. In turn, the time saved can be used for higher-value activities like data warehousing and analytics, or for implementing and using big data tools for mining, visualization, illustration, and deep investigation, ultimately shifting resources to the agency mission and away from bureaucracy. In fact, some agencies are using DATA Act implementation efforts as an impetus to expedite the transition to shared services providers. For example, in addition to improving system dependency and uptime, HUD sees migration to shared services as integral to its strategy for DATA Act compliance; as the shared service provider complies with new laws and regulations, so does the subscribing agency.

HUD Deputy CFO Joe Hungate observed that data should be cleaned before it is migrated to reduce the amount of "junk" before the data is moved. To make his point, Mr. Hungate made reference to Nate Silver's *The Signal and the Noise*; once data has been integrated to modernized systems, the ratio of noise to signal should be reduced, improving its usefulness for data visualization and analysis.⁴

Smart DATA Act implementation recognizes that capturing and translating the original needs of agency programs, as part of a streamlined process, presents an opportunity to push clean data

into government systems in real time. By following the needs and tendencies of programs to produce and track data, the systems that will make DATA Act data the definitive source of accurate information can in turn be trusted by those closest to the data. Keeping this clean data connected between systems, in a way that is accessible and understandable to different consumers, can remove the need for parallel spreadsheets and reduce time spent retrieving and reconciling data to reconstruct accurate information. Government agencies can recover time and energy of talented staff to refocus on the mission, reclaiming resources to be creatively concentrated on effective programs for engaging the community and demonstrating results.

There is an opportunity to give program managers the assurance of planning privacy and coordinating their efforts with the knowledge of budget and finance resources that can support them in analyzing, improving and maximizing the impact of scarce resources. There is a real benefit to developing tools that increase communication and focus all parts of the organization on a shared investment in program outcomes, as well as keeping the process lean.

Management's game-changer – the secret formula – is to create a partnership between the administrative, budget, finance, and programmatic functions of their organization. There are many benefits to training everyone's eye on a single business process; one that begins and ends with programs and the mission outcomes to which they are aligned:

- Strengthening the administrative capacity and efficiency of program offices,
- Increasing the accuracy of budget projections and the capacity to perform budget analysis, which requires using spending detail to directly feed and stay connected to the budget figures in real time,
- Establishing financial accounting: invoicing and tracking spending to budget and organizational units – a standardized and integrated comprehensive chart of accounts, and
- Instituting project status checkpoints and team structures: creating one truth – a single set of trusted and accepted data – with many different perspectives on the why, how, and what. Stakeholders may receive three different stories for why one set of numbers arose, but not three different sets of numbers from program, budget, and finance offices to the same question.

Fundamentally, the outcomes of the DATA Act could transform government. The single, consistent view of quality federal data will, on a much broader scale, allow data scientists worldwide to apply innovative methods in order to optimize the process of delivering government services, as well as the outcome of those services.⁷ Reported data could be used to help solve cross-cutting issues that federal, state, and local governments may not have the resources to solve on their own. This is the vision.

Creating a Single, Strategic View

Data continues to play a progressively more prominent role in the day-to-day operations of all government enterprises. The DATA Act offers an unprecedented opportunity to improve mission effectiveness by making it easier to trace financial information throughout its lifecycle and link related spending information from different sources to answer cross-cutting questions. In

addition, standardized data can improve operational efficiencies by reducing complexity across mission programs.

Implementing the DATA Act can put agencies on the path to resolving common challenges related to tracing spending throughout the lifecycle of their internal programs, comparing spending and other information across programs, and establishing a common lexicon for doing this work.

Accurately Tracing Spending, from End-to-End

Today, appropriations can be divided into separate accounts and some accounts may receive funds from multiple appropriations. This many-to-many relationship disconnects the flow of funds between appropriations and Treasury accounts. To make the connections, Treasury is required to break down each account, such that the amounts received, obligated, and spent can be seen, and group amounts by program activity and object class (categories of items or services purchased). Treasury must also publish all data about the flow of federal funds on USAspending.gov, or a successor site, in machine-readable format. To give their own organization the ability to track performance and spending against resource allocation on a program-by-program basis, federal agencies may map their own agency data models to the common DATA Act taxonomies, enabling use of a common language across all agencies and assistance recipients.

Getting Down to the Details

While the DATA Act does not directly require Treasury to publish checkbook-level payment data, Treasury has announced its plans do so. Standardized payment data would empower both intra- and inter-agency stakeholders to follow a payment through the complete spending cycle – from appropriation through disbursement – whether via grant, contract, or administrative spending. Treasury intends to publish the details on expenses and payments to recipients of federal contracts, grants, and loans for the agencies they serve. Agencies that process their own expenses would benefit from doing the same, to allow both internal and external stakeholders to follow payments through the complete spending cycle. However, ensuring that internal stakeholders can do so first would allow agencies to discover and address anomalies before external stakeholders do.

Linking and Comparing Spending Data from Across Disparate Sources

Just as most agencies have related pieces of information in siloed data stores, they also report different pieces of related information to different reporting sites. The result once again is disconnected, non-standard information that increases costs and makes it much harder to answer important, cross-cutting questions. Standardized spending data supports interoperability by providing a means for reliably linking related information from disparate sources to enable intra-agency analysis, reporting, and decision making.

Standardized spending data establishes a means for optimizing how an agency manages its assets. The Department of Homeland Security (DHS), for instance, leverages standardized spending and other data to lower costs and increase sharing and reuse. For example, DHS has a core set of reference data that describes all of the agency's building locations. The subject

matter expert who owns and operates this data uses it not only for facilities management efforts, but also makes it available for other lines of business to link people to locations and to their mission-specific activities.⁸

Standardized spending data also establishes a means for looking across programs to optimize spending on grants and assistance for the benefit of all recipient communities. In support of its mission, HUD must make optimum and fair decisions when allocating grants to strengthen the housing market or meet the need for quality, affordable rental homes. Similarly, HUD combines grants data with geographic data to inform decisions about the fair allocation of grant dollars to community development.

Moreover, the private sector is also interested in this data; industry insight into public policy decisions has been known to spur related but independent economic development. For example, in response to community development grant activity in the Atlanta Eastgate community, the Publix grocery store chain made a related but independent decision to build a grocery store to serve this community. The challenge, however, is that the location for grants spending is often tied to a program administrator's office instead of the receiving congressional district. Standardizing from names, definitions, and instructions could help ensure the right data is captured and available not only to policy-makers, but to private industry as well.⁴

Strengthening Program Integrity

In addition to helping ensure that federal grant dollars serve their intended beneficiaries, standardized spending data helps to reduce fraud, waste, and abuse. Good quality, standardized spending data is an important component of the internal controls agencies employ for detecting and reducing improper payments in major programs.

Establishing a Common Language

A standard taxonomy provides explicit definitions for a wide array of data elements to give diverse users confidence that they have the same understanding of terms and how to use data. Even as the initial set of standards and guidance has been published, Treasury will continue to collaborate across the community to evolve an efficient way of talking about and communicating financial information. Similarly, agencies would benefit by developing a common lexicon for talking about financial and other program information across programs with both internal and external stakeholders.

Economics of DATA Act Data

While agencies will likely incur some initial cost associated with the integration of finance and program data, the outcomes of their work may justify their investment many times over. As noted earlier, effective implementation of the DATA Act will drive the consolidation and interoperability of operational and program systems, resulting in direct cost savings through reduced maintenance, system support, and facility costs. Imagine a world where shadow spreadsheets aren't used for responding to critical data calls!

The DATA Act could also eliminate the cost of that patchwork of siloed financial systems that were built for one purpose, perpetually customized, but unable to keep pace with evolving

requirements. Instead, it will become possible for agencies to evolve toward shared data in a central exchange using a “broker” that “maps, ingests, transforms, validates, and submits agency data into a format consistent with the DATA Act schema,” thereby virtualizing the data layer regardless of the underlying software systems used for storage.⁹

Consider too the programmatic financial benefits in time, in technology, and in resources that result from interoperable, high-quality agency data. Agency budget and acquisition staff will bring a much speedier resolution to undelivered order balances and the status of contract completion, through better insight into their own payment and spending data. Overall, post-award management tasks will be optimized throughout the business process, saving time and burden on the back-end. Fewer accounting corrections are just the beginning; fewer improper payments will follow. Cleaner and more detailed financial data, ripe for analytics, will enable better risk management and more comprehensive due diligence on awardees.

Agencies will likely find the increased accuracy and comprehensiveness of contract data quite useful, too, in their procurement activities, leveraging other agencies' spending data to make better acquisition decisions in working with vendors. Ultimately, however, the operational efficiencies and improved effectiveness agencies will recognize as a result of their DATA Act work will result in one important outcome: increased program efficiency stretches appropriated funds further.

The Benefits of Simply Getting Started

The effort of simply getting started on DATA Act efforts can turn out to reap its own benefits for agencies, in that upon embarking on this journey, agencies use guidelines to begin to grow and advance their data. Starting with existing processes can be an opportunity for individuals and groups to look at their view of the world in a new way, and the chance to determine what already works well, keep those processes, and evolve others. Engaging early and preparing for DATA Act guidance before each stage is finalized will prepare agencies to do something that makes sense to them. Owning the process is a form of empowerment that can allow agencies to tell a more compelling story, and more effectively meet the expectations of those evaluating their funding needs and performance.

Another value of starting early is the opportunity to figure how to connect, track, and report 100% of the money agencies receive, from start to finish, in one section of an organization, and learn valuable lessons in a controlled environment. Finding small successes and adapting them to fit other program offices can create peer-to-peer communication of the benefits realized and individual approaches to reach the same end result. The opportunity embedded in this home-grown approach is in achieving strong cultural acceptance to change and more sustained benefits over time.

Although the principles of the DATA Act are practical and straightforward, the road to success will be challenging. OMB and Treasury recognize the importance of creating a safe space in which agencies can experiment with implementation approaches, ask for and receive help, and field constructive feedback. Moreover, recognition and acknowledgement from Treasury and OMB, especially for earlier accomplishments, will be important to sustaining momentum, promoting agency implementation, and encouraging participation from all stakeholder

communities. The DATA Act presents an opportunity to achieve transparency and openness in government spending that becomes a win/win for everyone involved.

The Impact of Non-Compliance

Implementation of DATA Act requirements will surely require some level of effort for all agencies, but it will be a decidedly bigger feat for some agencies than for others. Funding constraints, technical limitations, and tight resources may pose very real challenges for some. However, the most important step, as noted earlier, is the first one, as efforts to simply begin can reap early rewards.

Further, agencies avoiding implementation of the DATA Act will not realize the benefits of tracing financial information, from end-to-end, throughout its lifecycle. Such agencies may find it harder to compete – for everything from funding to new hires, for example – in a future where high-performers that embrace open data are able to better demonstrate their effectiveness through more comprehensive analysis and reporting. High-performing agencies will reap the rewards of data-driven visualizations that narrate the positive impact their programs are having on communities and individuals.

Missing the mark on DATA Act implementation may also mean missing internal opportunities to link related spending information between programs to answer cross-cutting questions. Not identifying opportunities for leveraging program resources and outcomes that overlap means missing the chance to apply more money and synergy to impactful programs. The divide between DATA Act adopters and their more reluctant agency counterparts will become ever more apparent.

Finally, there is a strong risk that Congress will perceive that slow-moving agencies and those that do not comply are poorly managed or have something to hide. Inviting this suspicion could be potentially hazardous to an agency's funding base, as well as to its discretion to self-perform many management functions.

DATA Act Possibilities

The value of the DATA Act to agencies isn't limited to just short-term, immediate gains. OMB and Treasury agree that the long-term impacts of the DATA Act involve the potential innovations that could make important differences to communities. When presented with a project request or any type of decision, the first two questions that Mr. Glenn asks are "What is it going to cost?" and "What are the benefits?" While the benefits are often about operational efficiency, the really important benefits are those that enable mission effectiveness.⁶ Standardized spending data provides policy-makers with a new means for asking important "what if" questions. Consider what might happen, for example, if both policy-makers and taxpayers could easily link federal spending with a particular geography or on a particular federal initiative, and to the outcomes of that spending?

The current state of budget formulation is a series of labor intensive practices to map budget appropriation language to fund allocation and accounting, which is undertaken by individual agencies. This same labor-intensive mapping is conducted by Treasury and OMB, year after year. There is a unique opportunity through DATA Act implementation to automate this process,

sharing a single mapping structure that can save labor and frustration throughout the federal government. Additional time and energy can be conserved by reporting spending information back through this mapping structure to ensure the total activity reported matches the total authorized in the original budget.

As the DATA Act approaches implementation, this will be the second attempt by the government to add a standardized program definition to the federal reporting structure. Agencies that take a comprehensive approach, defining their programs and linking them to financial and performance data as a part of the budget formulation process, can focus their collective resources on the same information. In the office of the CFO at DHS, for example, analysts are integrating contract and vendor performance data with agency spending data, which will inform many future acquisition activities. DHS Deputy CFO Stacy Marcott has described these linkages as “providing acquisition professionals helpful insights into their up-front pricing work, and, ultimately, answering new questions to improve effectiveness throughout the contracting lifecycle.”⁸

Consider, for example, if USAspending.gov and Performance.gov data were merged, providing comprehensive data on the same set of programs. DATA Act implementation provides the opportunity to switch to a more collaborative problem-solving model where agencies work with internal government oversight bodies to leverage the ingenuity of the private sector and public at large.

On a much broader scale, the potential outcomes of the DATA Act are limitless. It becomes easy to consider many possibilities for how quality federal spending data is used in new and totally unexpected ways, by agencies and their constituents. Those “what if” scenarios, then, could begin with questions such as:

- **What if** the government extended the DATA Act by adding a requirement for agencies to report metadata for their spending to include both mission purpose (the “why” of spending), as well as the function or activity (the “how” of spending)?

Recording the mission purpose for spending would allow comparison of all spending for a similar purpose. Right now, there is no certain method of identifying all government effort focused on a purpose – for example, water quality. The Environmental Protection Agency regulates water quality, the National Science Foundation funds water quality research, and the Department of Agriculture assists farmers in reducing runoff that impedes water quality. Recording the mission purposes for spending from a standard, government-wide list would make it possible to locate spending and programs with a similar purpose across government. That ability would enable program coordination, comparison of efficiency, improved effectiveness, identification of potential duplication, and the sharing of best practices.

Similarly, recording the function/activity for spending would make it possible to determine which agencies do a particular activity best, help share best practices, and potentially encourage shared services. Right now, it is difficult to identify all agencies that perform an activity; as an example, providing customer service by telephone. A standard list of activities would allow analysts to identify agencies and offices performing the activity,

evaluate what performance measures are used, and what performance outcomes are achieved so that the methods and tools that are most effective could be shared. It may turn out, for instance, that telephone customer service at one agency costs 40¢ per call, while at another the cost is \$25.00 per call – with lower customer satisfaction. Requiring the capture of the “customer service” activity, and the “telephone” sub-activity is the prerequisite to making such a comparison and learning from the results.

- **What if** the government extended the DATA Act to address budget requests, prior to appropriation? Agencies occasionally find that expectations for their effort and results are driven by proposals and aspirations they outline during the budget request process. Yet Congress frequently does not appropriate funds equal to those requested. Thus, an agency may find great value in tracking and seeing the differences between budget requests and appropriations, so that it is clear if a shortfall against expectations arose simply because of the shortfall in an appropriation.
- **What if** the government extended the DATA Act to address performance after spending? In the interest of true transparency for taxpayers, most people care that government lives within its means – they want a comparison of allocated-to-actual spending. They care, too, about the value government gets for its money, comparing performance vs. spending. The DATA Act moves toward this public interest by requiring that program performance is recorded as spending takes place. Only by reporting performance outputs and outcomes, according to the same list of programs used to report DATA Act spending, will it become possible for the first time to show the public what it gets for government’s spending.

Conclusion

Fundamentally, the DATA Act requires two key actions to take place: first, for agencies to report their spending data, and second, for it to be available for reuse on a website. The collective goal of both OMB and Treasury, as well as of reporting agencies themselves, should be to go well beyond that mandate and position data as a catalyst for how the government solves problems and does business. In the process, we should seek ways to combine financial spending data with other program data to discover as-yet unknown business value.

Through implementation of the DATA Act, government and a much wider group of stakeholders have the chance to discover new areas of insight and analysis. The benefits of connecting high-quality financial data, combined in new ways with other data sets, will grow exponentially in the years to come and go beyond the simple improvements of “faster, better, cheaper.” By seizing the opportunity to lead change within their organizations and beyond, early implementers of the DATA Act will provide positive uses of structured, machine-readable, quality federal spending data, and discover the real value of government work in new and totally unexpected ways, while collaborating with agency constituents at a nationwide level.

Authors & Affiliations

Gindy Feeser, Teradata Government Systems

Steve Hanmer, Gov-PATH Solutions

Catherine Ives, Citizant

Sharon Kuck, Dun & Bradstreet

Jeff Myers, REI Systems

Bryce Pippert, Booz Allen Hamilton

References

1. "U.S. Data Chief Aims to Empower Citizens with Information," Elizabeth Dwoskin, Wall Street Journal, March 10, 2015. <http://www.wsj.com/articles/white-house-data-chief-aims-to-empower-citizens-with-information-1426024220>
2. See: <http://openforumfoundation.org/wp-content/uploads/2011/10/A-Guide-to-Owning-Transparency.pdf>
3. <https://www.fsr.gov/>
4. Joe Hungate, May 8, 2015 ACT-IAC project team interview
5. <http://moneyballforgov.com/>
6. Douglas Glenn, May 13, 2015 ACT-IAC project team telephone interview
7. *National Webcast on DATA Act Implementation*. Herschel Chandler, ACT-IAC. April 15, 2015. https://www.youtube.com/watch?v=_jjB_ggYBcA
8. Stacy Marcott, May 11, 2015 ACT-IAC project team telephone interview
9. "Summary of the DATA Act Playbook," <https://www.usaspending.gov/Documents/Summary%20of%20DATA%20Act%20Playbook.pdf>